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WAR FOOD ADMINISTRATION

Material presented by War Food Administrator Marvin Jones at Hearings on S. 298 and H. R. 1450 before Banking and Currency Committees of the United States Senate and House of Representatives.

The purpose

of the charts and supporting statistics which follow is to show why additional borrowing power for the Commodity Credit Corporation should be made available to fulfill wartime price support commitments to farmers.

The following pages will review:

1. Actions taken by Congress to support farm prices.
2. Price-supporting operations of WFA under programs authorized by Congress.
3. The effects of support prices on farm production, farm income, and retail prices.
4. Importance of adequate funds to support prices effectively when war demands decline.

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CONGRESS VOTED to support farm prices on basic crops

1933 Commodity Credit Corporation was created to make loans to farmers.

1935 Congress continued use of all Commodity Credit Corporation resources for loans on agricultural commodities.

1937 Congress made loans mandatory at rates from 52 to 75% of parity on basic crops: cotton, corn and wheat.

1941 Congress raised the loan rate to 85% of parity and added tobacco, rice and peanuts as basic crops.

1942 Congress extended loans on basic crops for two years after the war at 90% of parity.

1944 Congress increased the loan rate on cotton first to 92½ and then to 95% of parity.

CONGRESS VOTED to support farm prices for wartime expansion

1941 The Steagall Amendment directed price support at not less than 85% of parity on non-basic commodities for which wartime expansion of production was requested by official proclamation...

Congress also directed a fair parity relationship for all other non-basic commodities.

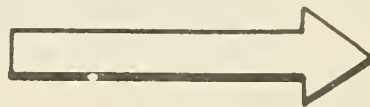
1942 Congress increased the support level for "Steagall Commodities" to not less than 90% of parity and extended such supports until 2 years after the January 1 following the end of the war.

THE 90 PERCENT OF PARITY LEVEL FOR STEAGALL COMMODITIES IS A MINIMUM RATE AND IS MANDATORY.

*AS DIRECTED BY CONGRESS,
the War Food Administration is
making loans, purchases or
payments to support the prices of:*

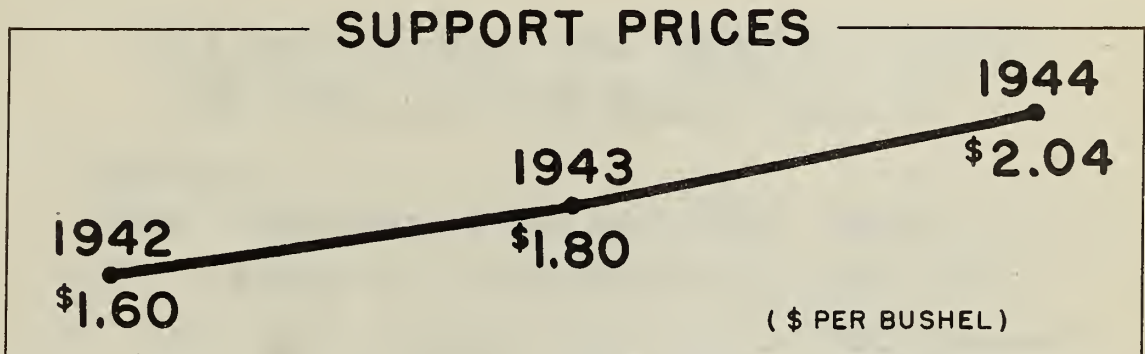
Wheat	Milk and Butterfat
Corn	Eggs
Cotton	Sugar Beets
Rice	Louisiana and Florida Sugarcane
Tobacco	Rye
Peanuts	Barley
Soybeans	Grain Sorghums
Flaxseed	Vegetables for Canning
Dry Edible Beans	Fresh Vegetables
Dry Field Peas	Dried Fruits
Potatoes	Winter Cover Crop Seeds
Cured Sweet Potatoes	Hay and Pasture Seeds
Hogs	Naval Stores

EXAMPLES OF WFA PRICE SUPPORT
OPERATIONS ARE SHOWN ON THE
TWO CHARTS WHICH FOLLOW.

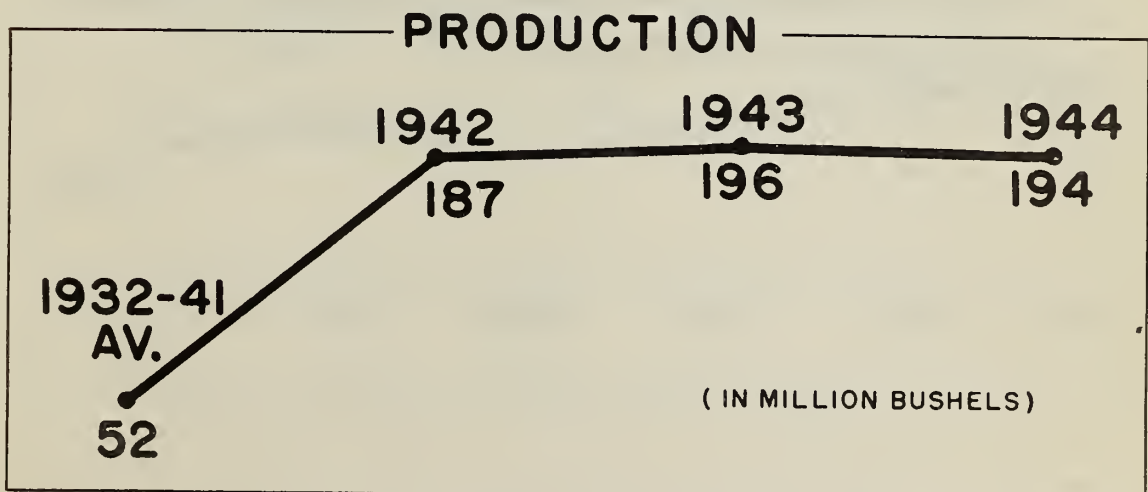


SOYBEANS

Soybean prices have been supported by loans and purchases. CCC bought at support levels 1943 and 1944 crops for crushing.



Farmers responded by increasing wartime production nearly 4 times prewar.





WHEAT

Wheat prices are supported by both loans and purchases.

In 1944 CCC loans were made on 167,000,000 bushels of wheat and CCC also purchased 219,000,000 bushels.

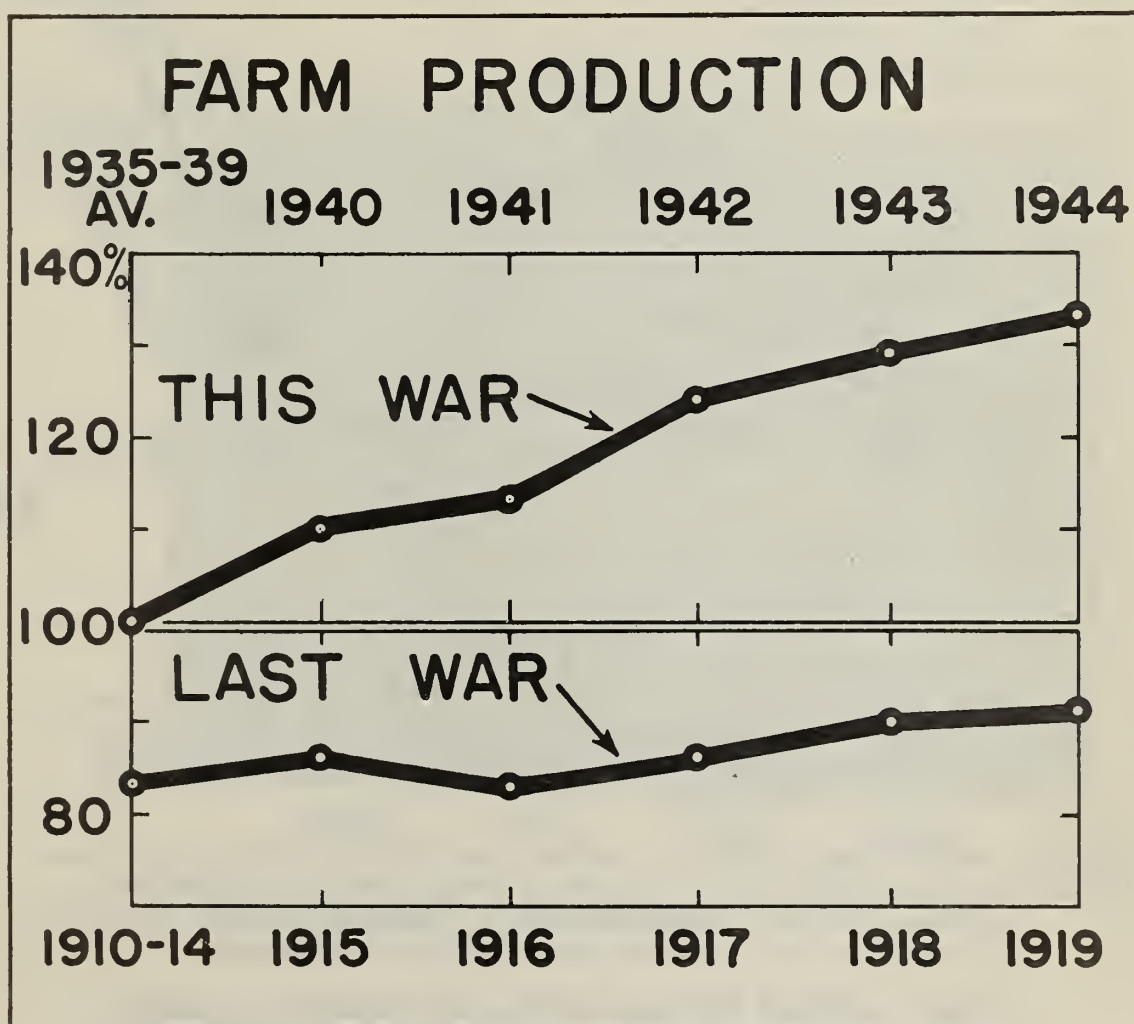
CCC will buy 1944 loan wheat which is unredeemed by the end of the season at parity prices less carrying charges.

FARMERS PRODUCED

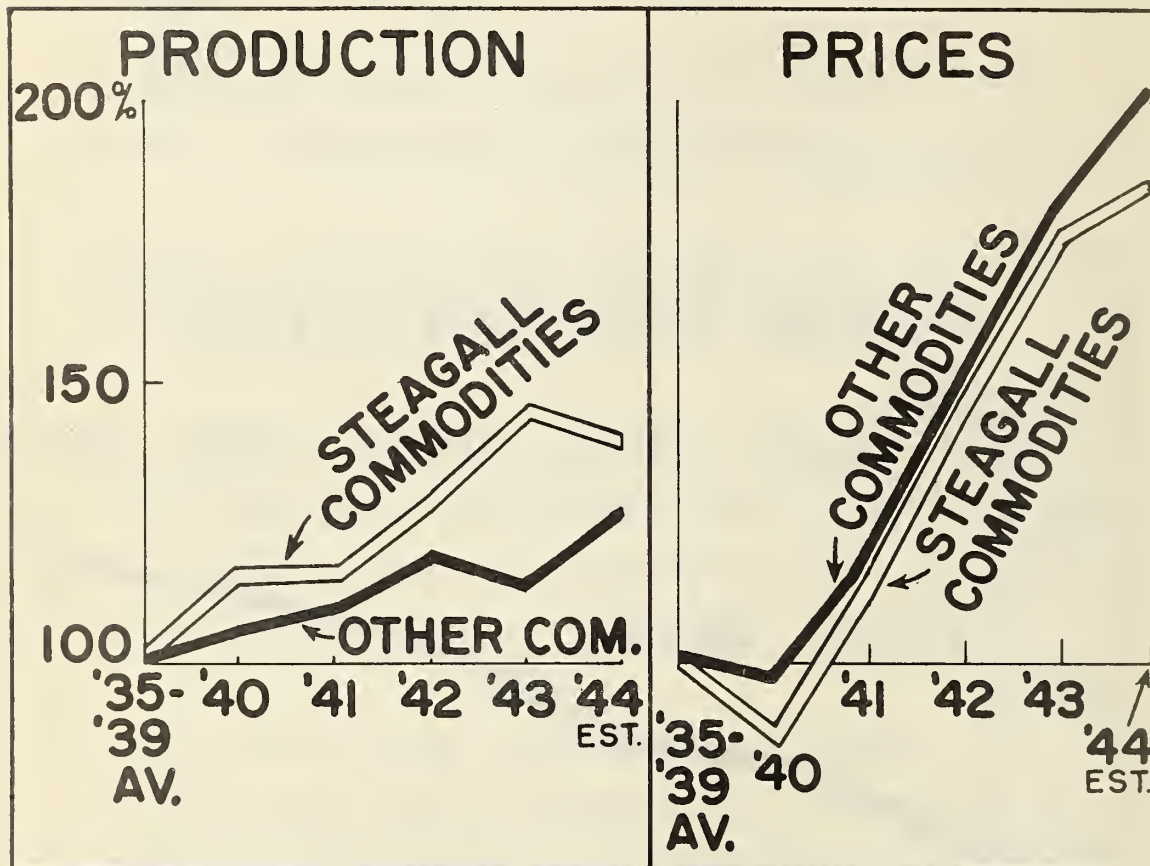
Record amounts in each war year

1944 farm production is 1/3 above the pre-war 1935-39 average.

In contrast, 1918 farm production was less than 1/10 above the 1910-14 average.



Production Was Greatest For Price Support Commodities



So-called "Steagall commodities"*-- those for which wartime increases were asked along with assurance of price supports -- have shown more production even with slightly lower prices than other commodities.

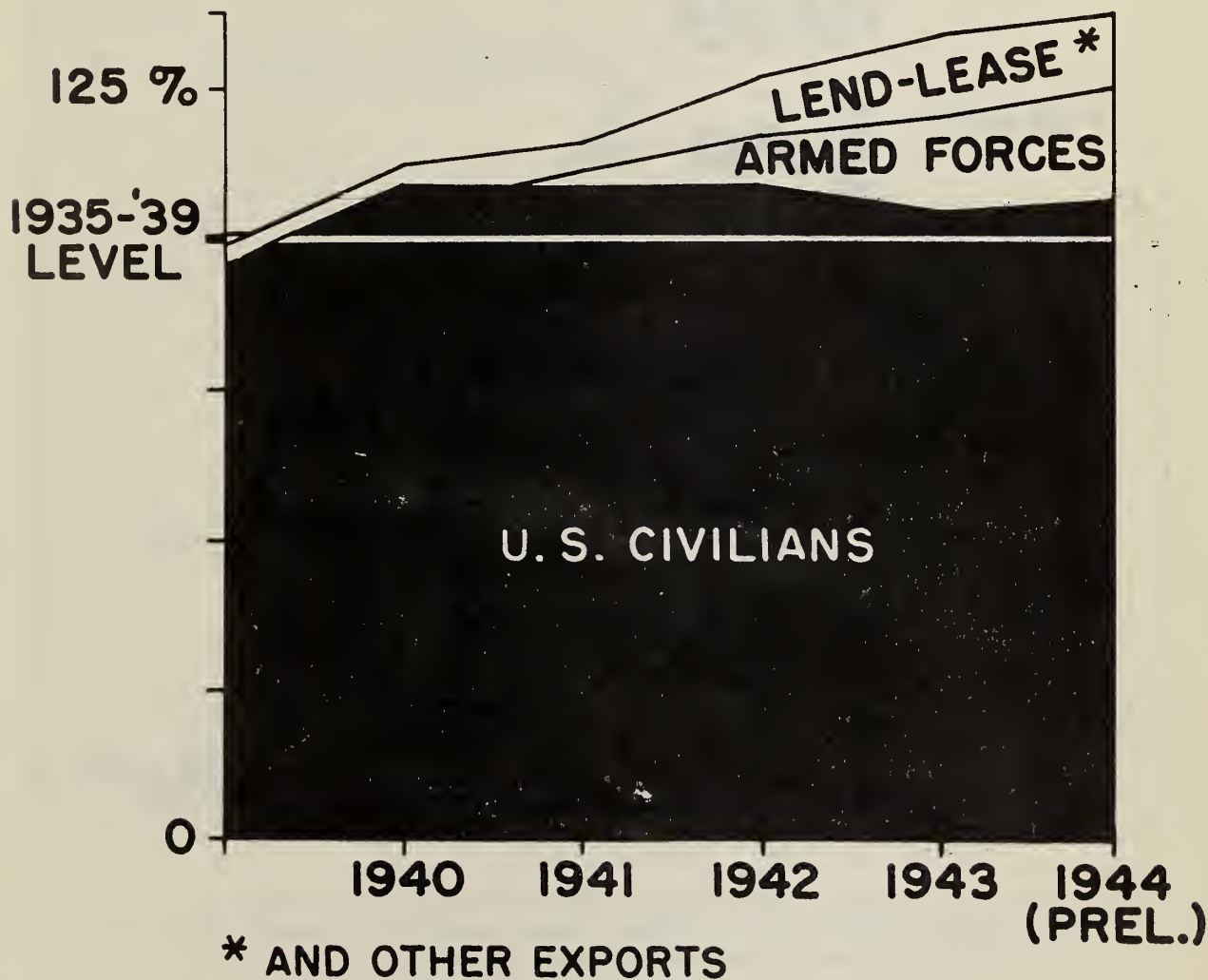
* Hogs, eggs, chickens, turkeys, milk and butterfat, dry peas (certain varieties), dry edible beans (certain varieties), soybeans for oil, peanuts for oil, flaxseed for oil, American Egyptian cotton, potatoes and cured sweet potatoes.

FARMERS ANSWERED THE CALL FOR WARTIME PRODUCTION WITHOUT SEEKING EXCESSIVE PRICES --- ALL THEY ASKED WAS ASSURANCE OF A SAFE RETURN.

RECORD PRODUCTION GAVE US:

(1) *More food for civilians than pre-war*

(2) *More food each year for our fighting men and allies*



Record production greatly increased the farmer's income

1939

FARMER



AVERAGE
MAN



1943

FARMER

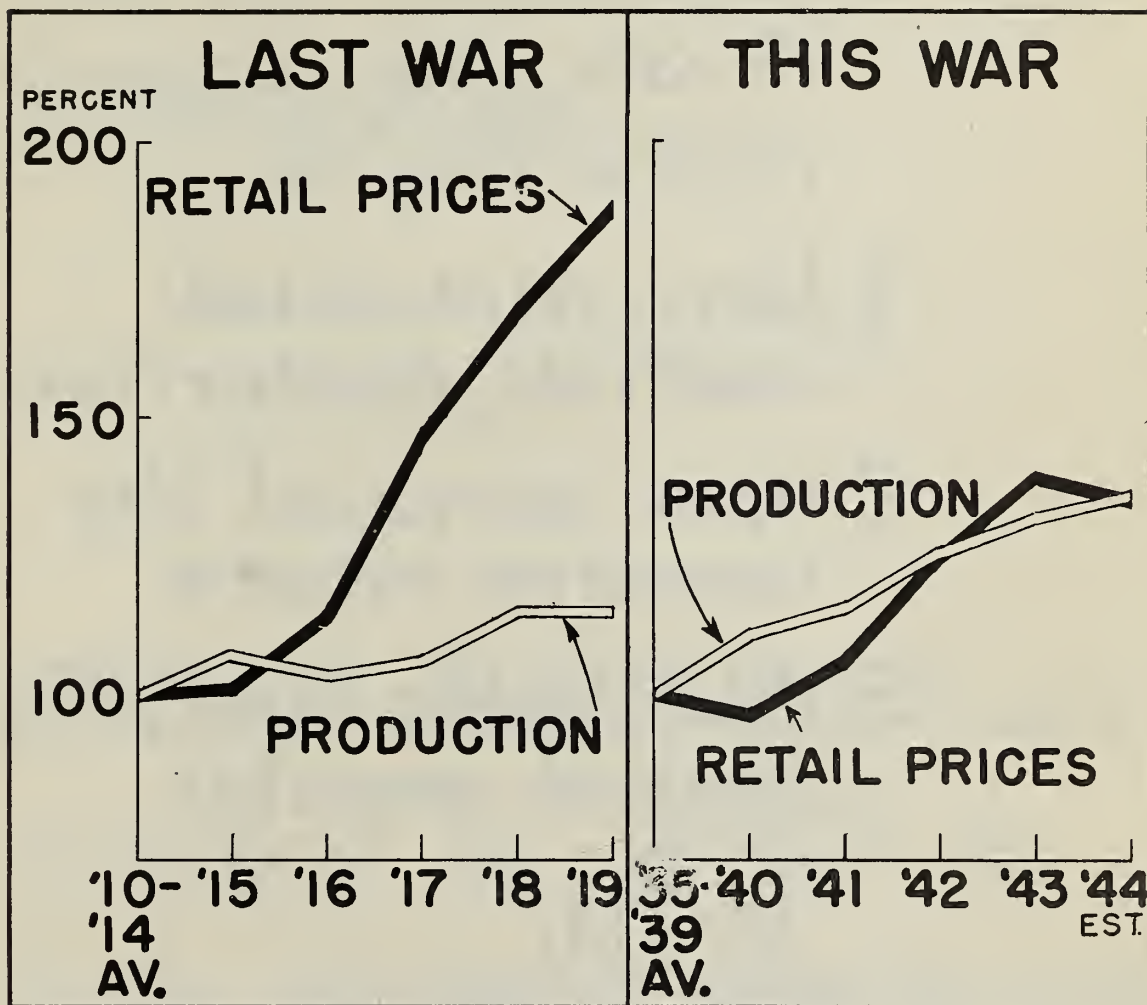


AVERAGE
MAN



The average farmer's net income, while greatly increased, is still less than half the income of the average man in the U.S.

Record Production Made Food Price Control Possible



IN THE LAST WAR FOOD PRICES SOARED WHILE PRODUCTION FAILED TO INCREASE MUCH.

IN THIS WAR PRODUCTION MADE LARGE INCREASES WHILE FOOD PRICES ROSE ONLY MODERATELY AND WERE STABILIZED FROM 1943 ONWARD.

Summing up-

*To date price supports
voted by Congress*

- 1 Have stimulated
wartime production**
- 2 Have increased the
farmer's return**
- 3 Have made food price
control possible**

NOW...

Looking ahead to 1945 →

FARM GOALS *for 1945* *call for continued full* *production --*

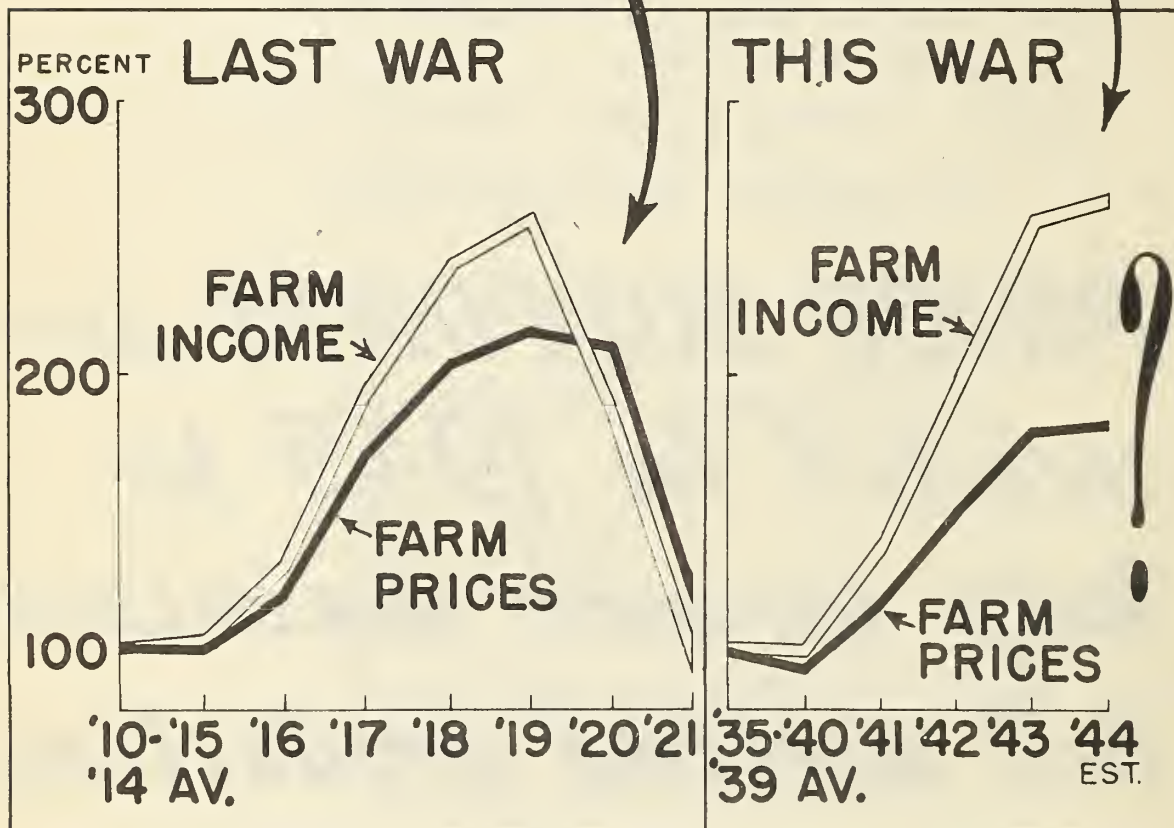
Crop goals are about 4 million
acres above 1944 planted acreage,
and 16 million acres above the
1935-39 average.

PRICE SUPPORTS *are*
needed in 1945 to
help farmers maintain
full wartime production

PRICE SUPPORTS will be needed when wartime demands begin to decline

*Farm prices and income have already begun to
level off*

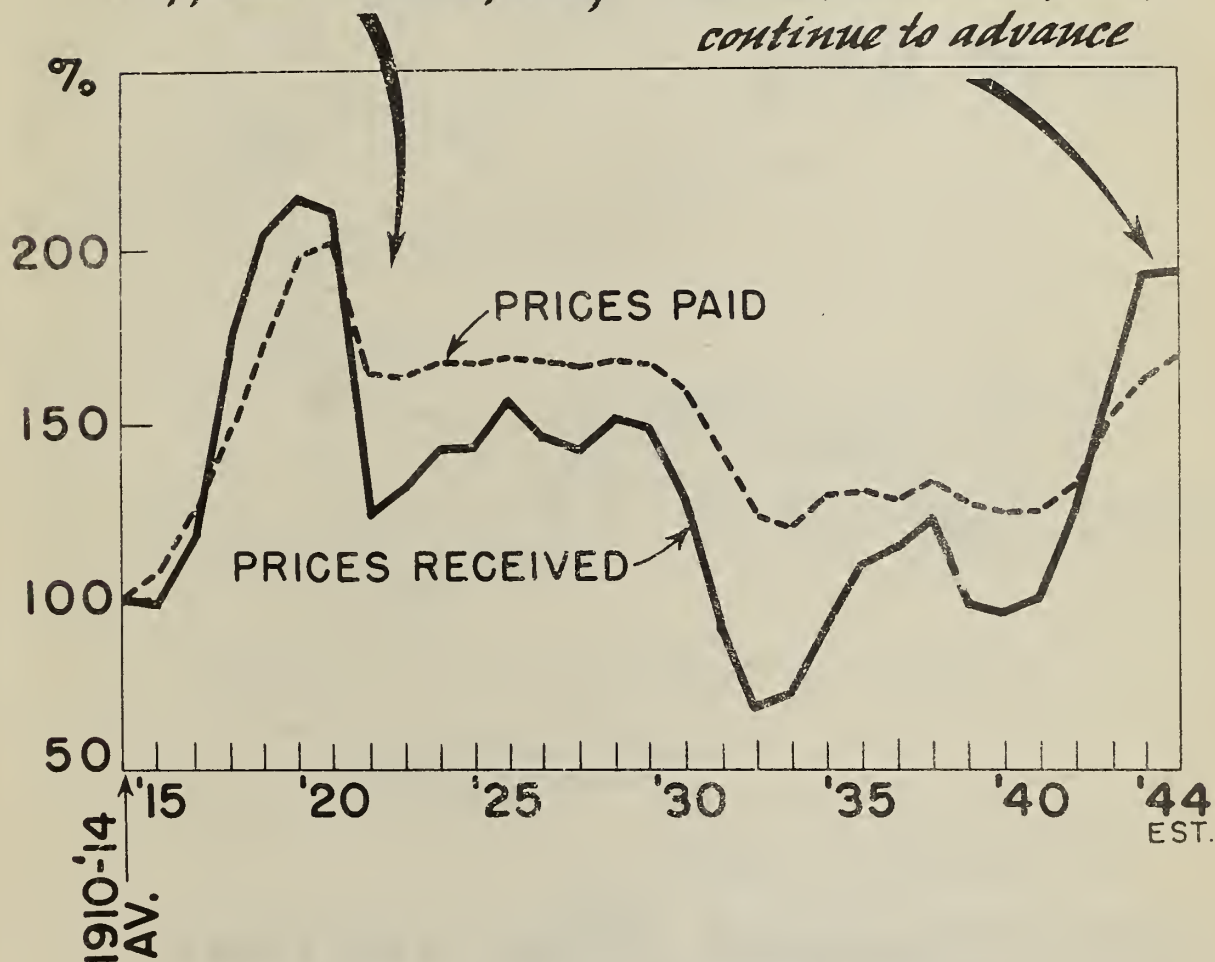
*They crashed swiftly right
after the last war*



PRICE SUPPORTS will be needed to maintain parity for farmers

*In the crash that followed
the last war farm prices
dropped 25% below parity*

*The prices farmers receive
are now leveling off
while prices they pay
continue to advance*

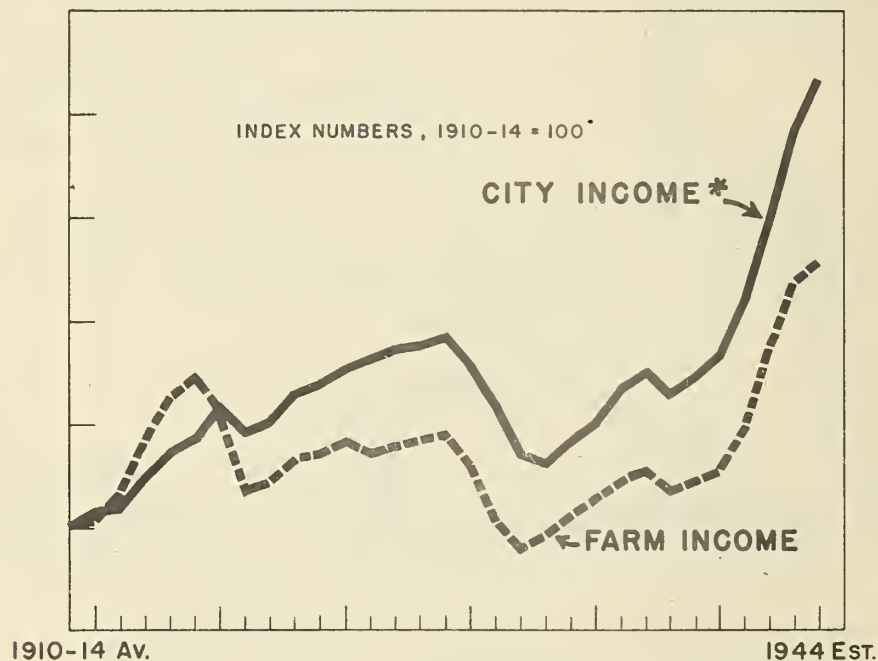


The blue on this chart shows farm prices above parity during the last war and again during this war. The red shows farm prices below parity between the two wars.

FARM PRICE SUPPORTS

WILL BENEFIT NOT ONLY FARMERS BUT THE WHOLE NATION

Farm and city incomes go up and
down together

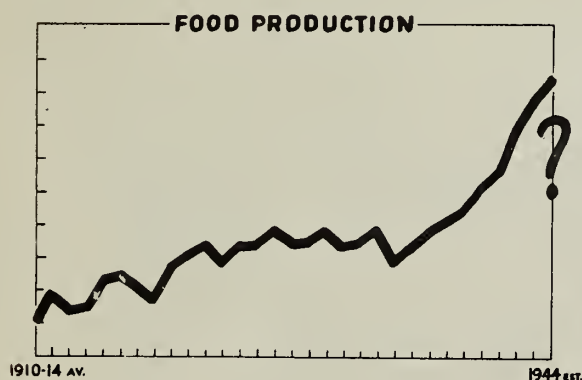


* CITY INCOME IS NONFARM INCOME PAYMENTS
FARM INCOME IS CASH FROM SALES
PLUS GOVERNMENT PAYMENTS

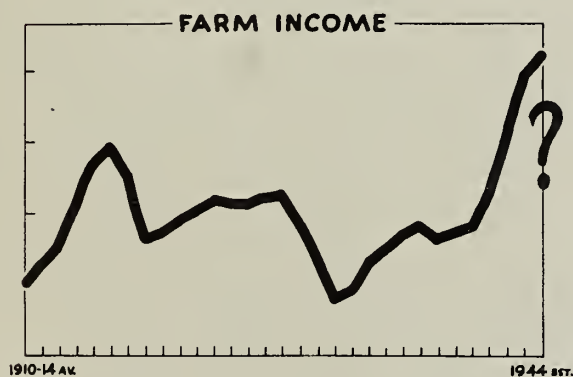
MAINTAINING FARM INCOME WILL HELP MAINTAIN JOBS, INCOME AND PROSPERITY IN TOWNS AND CITIES

In SUMMARY:

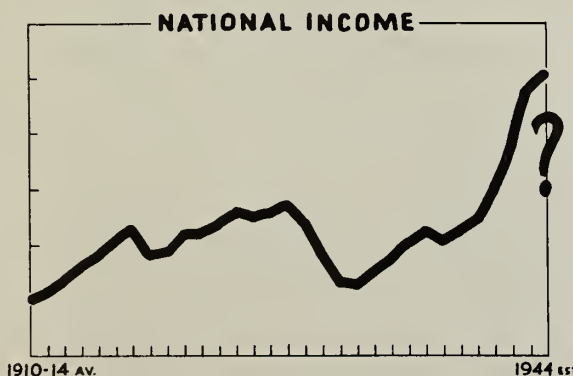
FARM PRICE SUPPORTS *are needed for*



**FOOD
FOR WAR**



**STABILITY
FOR FARMERS**



**PROSPERITY
FOR THE NATION**

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

1952-1953

PHYSICS 311

LECTURE NOTES

BY

ROBERT H. FERRY

PHYSICS 311

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